

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3177-02
BILL NO.: HB 1354
SUBJECT: Expands Shared Care Program to Include Persons Caring for a Disabled Person
TYPE: Original
DATE: February 3, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$261,207) to (\$2,729,207)	(\$323,385) to (\$2,791,385)	(\$322,162) to (\$2,790,162)
Total Estimated Net Effect on <u>All</u> State Funds	(\$261,207) to (\$2,729,207)	(\$323,385) to (\$2,791,385)	(\$322,162) to (\$2,790,162)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health** and **Department of Health** assume that this proposal will not fiscally affect their agencies.

Officials from the **Department of Revenue (DOR)** did not respond to our request for fiscal impact.

Oversight assumes that the DOR could:

- 1) amend the forms required by this proposal,
- 2) coordinate with the Department of Social Services - Division of Aging regarding information to be collected and retained, and
- 3) process the tax credits with existing resources.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** stated this proposal would not fiscally impact their agency. The BAP stated the proposal would impact total state revenue.

Officials from the **Department of Social Services - Division of Aging (DA)** stated this proposal will reduce state tax revenues by the amount of the tax credits claimed. In addition, the DA stated:

- 1) There is an assumption that the computation of the cost to General Revenue for tax reimbursement will be computed by the Office of Administration - Division of Budget and Planning. **Oversight** notes that the Division of Budget and Planning did not provide an estimate of the cost of the tax credits. Oversight will calculate the impact of the tax credits based on information provided by the DA.
- 2) The cost of "recognition by the Governor" will be calculated and reported by the Governor's Office. **Oversight** assumes this cost will be absorbed with existing resources.
- 3) The responsibility and cost of issuing the tax reimbursement checks will be calculated and reported by the Department of Revenue.

The primary sources for information used in the fiscal impact were from the US Bureau of the Census, Missouri Office of Administration as prepared by the State Demographer in 1999.

ASSUMPTION (continued)

Registry size:

The registry size as well as the number of potential shared care members is based on operational definitions and estimates available to the division. The assumptions apply a methodology to maximize participation of and care-givers in the Shared Care Program. According to statistics based on projections made by the State Demographer, 136,098 persons with disabilities between age 18 and 59 live in the community and are estimated to need assistance with activities of daily living at a level that meets the criteria for nursing facility care.

Potential number of care-givers placed on the Shared Care Registry:

In addition to Shared Care Providers (which are already potential members of the registry), care-givers are eligible to be Shared Care Members. According to the Department of Mental Health, approximately two-thirds of adults with disabilities live with a care-giver. The division has estimated that this potential pool of care-givers would benefit from the information available to members of the Shared Care Program. The division therefore estimates that 66.67% of the target population would have care-givers who would potentially be added to the Shared Care Registry. This results in an estimated 90,732 (66.67% of 136,098) additional Shared Care Members.

Potential number of care-givers estimated to access the Tax Credit:

The proposal requires that in order for a care-giver to qualify for the tax credit, he/she must be a registered Shared Care Member caring for an elderly or disabled adult that cannot live alone and requires the assistance of the care-giver to remain at home. The individual being cared for cannot be a recipient of Medicaid or SSBG funded services. According to DOSS records, 82,825 individuals age 18 to 59 are receiving Medicaid due to a disability. Approximately 1,737 additional disabled individuals age 18-59 are authorized by the division to receive services funded through the SSBG (and state revenue). These 84,562 individuals are ineligible to apply for the tax credit. It is reasonable to assume an 80% participation rate of the eligible population.

90,732	Adults age 18-59, non-institutionalized with disability who are considered to be nursing facility level of care
<u>- 82,825</u>	Less 18-59 year old Medicaid recipients (permanent and total disability criteria)
7,907	Sub-total
<u>- 1,737</u>	Less SSBG clients (age 18-59) of the Division of Aging
6,170	Sub-total
<u>x .80</u>	Estimated rate of participation
<u>4,936</u>	Extrapolated number of potential Missouri Tax Credit users

ASSUMPTION (continued)

Estimate on number of persons eligible for tax credit and tax credit amount:

Based on the assumptions above, the DA estimates that 4,936 persons will access the \$500 tax credit.

Oversight assumes the first year this tax credit could be claimed is Fiscal Year 2001 and will present a range of \$0 to \$2,468,000 for this year and the next two years as it cannot be determined how many people will avail themselves of the tax credit. The \$2,468,000 amount is based on 4,936 persons multiplied by the \$500 tax credit. This amount should be the maximum the state would pay out in the form of tax credits related to this proposal.

Operational assumptions:

The DA will incur additional costs beginning January, 2001 to register new shared care members. The division assumes the following activities are required under this legislation:

- Add to the registry of all shared care members adults age 18-59 who otherwise meet the statutory definitions;
- Compile informational materials for shared care members;
- Provide an annual list of resources and bibliography to shared care members;
- Upon request, certify persons age 18 and older who are not active clients of DA that require assistance with activities of daily living to the degree that there is an assumption that the adult is unable to live alone; and
- Provide to DOR information regarding registered care-givers and customers authorized to receive services funded through Medicaid or SSBG.

Current DA staff in the Home and Community Services unit will respond to the requirements associated with community education, awareness, involvement and the update to information contained in the resource directory and bibliography. Management staff at the Central Registry Unit (CRU) will oversee the development, implementation and ongoing responsibilities for registry and information distribution.

Brochures and additional printing and mailing expenses:

Assuming that any of the potential eligible adults with disabilities (or their care-givers) may request information about the Shared Care Program, the DA will print 100,000 brochures. It is estimated that 50 percent would be mailed and 50 percent would be distributed locally or picked up. Printing costs are estimated at \$35,000 (35 cents each) and mailing costs would total \$15,250 (50,000 at \$.305).

ASSUMPTION (continued)

Other expenses identified by the DA include printing costs for the directory and bibliography which are expected to total \$45,000 (90,000 pieces @ 50 cents each) and mailing costs for these items will total \$69,300 (90,000 pieces @ \$.77 each). Printing costs for physicians' statements and registration forms are expected to total \$1,000 (10,000 pieces at 10 cents each) and mailing costs for these items will total \$3,050 (10,000 pieces at \$.305 each). Printing costs for approval letters are expected to total \$300 (10,000 pieces at 3 cents each) and mailing costs for these items will total \$3,050 (10,000 pieces at \$.305 each).

Staffing:

The DA would require three additional FTE for Social Service Worker II's (\$30,360) in the Central Registry Unit to receive calls, determine eligibility, and add members to the registry. The new FTE would require the accompanying expense and equipment items as well. **Oversight** has removed the costs of building rent assuming new staff can locate in existing space. All costs were charged to the General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
<u>Loss of Revenue</u>	\$0 to	\$0 to	\$0 to
\$500 Tax Credits - Shared Care Program	(\$2,468,000)	(\$2,468,000)	(\$2,468,000)
<u>Costs - Department of Social Services -</u>			
<u>Division of Aging</u>			
Personal Service (3 FTE)	(\$46,679)	(\$95,692)	(\$98,084)
Fringe Benefits	(\$14,354)	(\$29,425)	(\$30,161)
Expense and Equipment for FTE	(\$28,224)	(\$11,159)	(\$11,495)
Forms Printing Expenses	(\$90,650)	(\$93,370)	(\$96,171)
Mailing Expenses	<u>(\$81,300)</u>	<u>(\$93,739)</u>	<u>(\$86,251)</u>
Total <u>Costs</u> - Division of Aging	<u>(\$261,207)</u>	<u>(\$323,385)</u>	<u>(\$322,162)</u>
ESTIMATED EFFECT ON	(\$261,207) to	(\$323,385) to	(\$322,162) to
GENERAL REVENUE FUND	<u>(\$2,729,207)</u>	<u>(\$2,791,385)</u>	<u>(\$2,790,162)</u>

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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal expands the Shared Care Program to include the care and protective oversight of certified disabled persons. Currently, the Shared Care Program covers those caring for certified elderly persons.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services
Department of Mental Health
Department of Health
Office of Administration - Division of Budget and Planning

NOT RESPONDING: Department of Revenue



Jeanne Jarrett, CPA
Director
February 3, 2000